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To: Rental Housing Tax Credit Developers

Notice: MFD-08-15

From: IHCD Multi Family Department

Date: August 19, 2008

Re: **Proposed Amendment to the 2009-2010 QAP: Increase in Eligible Basis**

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On July 30, 2008, President Bush signed into law the Housing and Economic Recovery Act of 2008, H.R. 3221. This legislation includes several provisions modifying the Section 42 Low-Income Housing Tax Credit program. Specifically, the new law gives the Indiana Housing and Community Development Authority (IHCD) the authority to award a 30 percent basis boost to any building IHCD designates as needing the increase for financial feasibility.

IHCD is proposing to amend the 2009-2010 Qualified Allocation Plan (QAP), Threshold Requirements, Section F to include the following language:

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**Proposed Section F.2(s):**

Developments located in a Qualified Census Tract (QCT) or Difficult to Development Area (DDA) are eligible to increase or "boost" the eligible basis of their Development by up to 30%. See Appendix F for a complete listing of QCTs' and DDAs'.

The Authority may also increase or "boost" the eligible basis of Developments whose buildings are placed in service after July 30, 2008 if the eligible basis otherwise would be a low percentage of the total development costs due to either of the following:

- 1) Officially declared disaster area by the State of Indiana which will assist in providing affordable housing to people affected by the disaster.
- 2) Competing under the Housing First set-aside.
- 3) Competing under the Preservation set-aside.
- 4) Located in a high cost area that contains high land costs because of being in a desirable or commercially valuable location. The seller may not be a related party or a local unit of government.
- 5) Necessity of extensive site preparation and/or off-site costs. All such work must be reasonable based on the circumstances.
- 6) Demolition and new construction, rehabilitation of historic structures, and/or conversion of existing structures.
- 7) Leadership in Energy and Environmental Design (LEED) Certified Building(s).



Buildings located in areas already qualifying for additional credits, will not qualify for an additional increase if they have already received the 30% eligible basis boost.

**Required Documentation:** Developments located in a declared disaster area must include: (i) Documentation that the Development has been officially declared a disaster area by the Governor, and (ii) A narrative description of how the proposed Development will help the area and the individuals affected by the disaster. All other Developments must provide a narrative explanation justifying the need to increase the eligible basis. Place documentation in Tab A.

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IHCDA will be accepting public comments on the proposed policy until September 12, 2008. Please provide your comments to J. Jacob Sipe, Multi-Family Manager at [jsipe@ihcda.in.gov](mailto:jsipe@ihcda.in.gov),

